



BIOSCIENCE DISCOVERY EVALUATION GRANT PROGRAM
For SBIR/STTR Projects
2007-2008 Program
(RULES AND APPLICATION)

November 21, 2007

For further information, please contact:

Colorado Office of Economic Development and International Trade

Business Finance Division

Sonya Guram or

Alice Kotrlík

1625 Broadway, Suite 2700

Denver, Colorado 80202

(303) 892-3840

(303) 892-3848 fax

1-800-659-2656 TDD

sonya.guram@state.co.us

www.AdvanceColorado.com

STATEMENT OF BASIS AND STATUTORY AUTHORITY

The following rules implement the Bioscience Discovery Evaluation Grant Program (BDEG or Program) pursuant to 24-48.5-108 and 12-47.1-701, C.R.S. A program was first created by the Colorado legislature in 2006 with the purpose being to improve and expand the evaluation of new bioscience discoveries at research institutions with the intent of accelerating the development of new products and services—essentially a proof of concept program. **2007 legislation modified the original program by providing additional funding and targeting the new funding to SBIR/STTR recipients and biofuels research.** The Colorado Office of Economic Development and International Trade (OEDIT) reserves the ability to make changes as needed with notification.

The legislature determined that:

- Additional resources are needed to assist in improving and accelerating the evaluation process for bioscience research discoveries to determine the best disposition of these discoveries.
- The process of advancing bioscience research discoveries toward commercialization needs to be accelerated to support the development of new bioscience products and services in Colorado. The development of products and services from research discoveries that originate in Colorado's research institutions will create new bioscience companies and additional primary jobs in Colorado.
- Biofuels such as ethanol and biodiesel can significantly reduce the state's dependence on oil as well as have a less harmful impact on the environment than petroleum-based fuels.
- To spur rural economic development and help new companies born out of research institutions to succeed, the state must dedicate resources to complement research efforts funded by federal agency small business innovation research programs and small business technology transfer programs. These resources will increase the capacity of small companies to develop new technologies and business structures, thereby increasing product development and enhancing the economy of the state.
- It is in the best interests of the state's economic growth to dedicate financial resources to facilitate the development of new bioscience research discoveries in Colorado and promote Colorado-based bioscience technologies.

The Director of OEDIT has consulted with the Colorado BioScience Association to develop the rules/processes and accountability/evaluation strategies to be used in the implementation of the Program.

DEFINITIONS

The following words and terms shall have the meanings provided herein, unless the context clearly indicates otherwise.

“Biofuel Research” means the use of microorganisms, specialized proteins, or thermal processes to develop biologically based fuel products from plant matter or other biological material, including renewable agricultural sources, and the related processes that make traditional manufacturing of energy cleaner and more efficient.

“Bioscience Discovery Evaluation Cash Fund” means the fund created in the State Treasury, also referred to as the “Fund” pursuant to section 12-47.1-701(4)(a), C.R.S. and any moneys transferred to the Fund as a result of Offices of Technology Transfer returning any unused grant funds from the Program. The moneys in the Fund shall be continuously appropriated for the direct and indirect costs associated with the implementation of the Program. Any moneys in the Fund not expended for the purpose of the Program may be invested by the State Treasurer as provided by law. All interest and income derived from the investment and deposit of moneys in the Fund shall be credited to the Fund. Any unexpended and unencumbered moneys remaining in the Fund at the end of a fiscal year shall remain in the Fund and shall not be credited or transferred to the General Fund or another fund. The Colorado Office of Economic Development and International Trade plans to use up to 5% ($5\% \times \$2,500,000 = \$125,000$) of the moneys transferred into the Fund for the actual costs incurred in administering the modified Program as authorized in the Program legislation.

“Bioscience Research” means the study of biological processes, organisms, devices, diagnostics, or systems with the objective of developing products that are intended to improve agriculture, the quality of human life, or the environment.

“Bioscience Research” includes, but is not limited to, biofuel research and life sciences research.

“Costs” are those costs are those outlined in the SBIR/STTR commercialization plan. Cost eligible under the State’s BDEG grant must be incurred after the effective date of a legal agreement or contract being fully executed with OEDIT.

“Director” means the director of the Colorado Office of Economic Development and International Trade.

“Life Sciences Research” means basic, applied, or translational research that leads to the development of therapeutics, diagnostics, or devices to improve human health or agriculture.

“Matching Funds”, as applied to SBIR/STTR projects, means a current Phase I SBIR/STTR grant equal to twice the amount applied for under this program.

“Office of Technology Transfer” means an office that is affiliated with a research institution and that is charged with the responsibility for technology transfer and that arranges for the sale or licensure of a bioscience research project to an outside entity, which is commonly a commercial enterprise.

“Principal Investigator” means a single individual who is designated by a research institution as the supervisor of a bioscience research project. This is the person named as such on the SBIR/STTR application.

“Program” means the Bioscience Discovery Evaluation Grant Program.

“Project” means a bioscience research project fully or partially funded by grants received pursuant to a federal agency small business innovation research program as codified at 15 U.S.C. 638 or a bioscience research project fully or partially funded by grants received pursuant to a federal agency small business technology transfer program, as codified at 15 U.S.C. 638.

“Research Institution” means an institution located and operating in Colorado that is a public or private, nonprofit institution of higher education, a nonprofit teaching hospital, or a private, nonprofit medical and research center. For-profit entities are not eligible for the Program. However, an Office of Technology Transfer must be affiliated with one of these Research Institutions in order for the Office of Technology Transfer to be eligible to apply under the Program.

PROCESS

The legislature made available \$2,500,000 for the modified Program. The Colorado Office of Economic Development and International Trade may use up to 5% (5% x \$2,500,000 = \$125,000) as stated in the authorizing legislation for costs incurred in administering the modified Program.

The 2007 legislation designates funding pools for SBIR/STTR projects and Proof-of-Concept projects. It also targets funds to life science and biofuels projects. Funds from the 2007 allocation will be distributed as follows:

BDEG	
2007 Allocation	\$2,500,000
Administration	<u>\$125,000</u>
	\$2,375,000

20% of Fund	Proof of Concept	\$475,000
100%	Biofuels	\$475,000
80% of Fund	SBIR/STTR	\$1,900,000
75%	Life Science	\$1,425,000
25%	Biofuels	\$475,000

Total Project Funding	\$2,375,000
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The rules and application for Proof of Concept grants are available under separate cover.

Proof-of-Concept projects can receive a maximum grant of \$150,000.

SBIR/STTR projects can receive a maximum grant of \$100,000.

The Bioscience Discovery Evaluation Grant Committee may choose to grant an amount other than that requested in the application.

All grants are awarded to Offices of Technology Transfer (OTTs) at qualified Research Institutions who will distribute the grant to the approved project or company.

OEDIT has sent notification to all OTTs at qualified Research Institutions. The following have indicated interest in the grant program and will receive continuing communications from OEDIT regarding the BDEG rules and application process.

Research Institution	SBIR/STTR Life Science Project Grant	SBIR/STTR Biofuel Project Grant	Proof of Concept Biofuel Project Grant
Bonfils Blood Center	X		
Colorado School of Mines	X	X	X
Colorado State University	X	X	X
National Jewish Medical and Research Center	X		
University of Colorado	X	X	X
University of Denver	X	X	X
University of Northern Colorado			X

SBIR/STTR Projects

1. An SBIR/STTR Phase I grant must be active at the time of application to OEDIT.
2. Each OTT shall develop an internal review and selection process to forward project applications to OEDIT.
3. OEDIT shall form a Bioscience Discovery Evaluation Grant Committee (BDEGC) to review the proposals submitted by OTTs. The BDEGC shall include representatives from OEDIT, the Colorado BioScience Association and others appointed by OEDIT. All SBIR/STTR applications will be competitively evaluated by the BDEGC to determine their potential for commercial application.

OEDIT has determined that projects having already secured SBIR/STTR funding and OTT recommendation (using their review/selection process) are the most promising to spawn new products and employment in Colorado. The BDEGC's review/approval process will focus on certifications and documentation submitted to ensure that the request complies with the statute for this Program and the general eligibility aspects described in the Program's rules/application.

3. OEDIT has established the following application deadline and review/approval schedule:

Application and Rules Released by OEDIT	November 21, 2007
Application Deadline for OTTs	February 1, 2008
BDEGC Award Notification	March 1, 2008
Contracts Issued to OTTs	March 15, 2008

OPEN RECORDS

Please note that OEDIT will comply with the state's open records laws (24-72-101 through 24-72-112, C.R.S. as applicable). Therefore, OTTs should be aware that

submitted information may be subject to public disclosure unless specifically exempted under the state's open records laws. OEDIT can only respond to requests to review records to the extent that such information is contained in OEDIT's files.

LEGAL AGREEMENTS WITH OEDIT

OTTs will need to have a legal agreement executed with OEDIT prior to proceeding with any aspect of the project (for example, before expending state and matching funds).

SHIFTING EXPENSES FROM ONE PREVIOUSLY APPROVED BUDGET CATEGORY TO ANOTHER PREVIOUSLY APPROVED BUDGET CATEGORY

Companies may shift expenses from one previously approved budget category to another previously approved budget category if it is determined to be in the best interest of completing the project. Approval from OEDIT will not be required; however, OTTs will need to make OEDIT aware of this shift/transfer on all future reports.

REPORTING REQUIREMENTS

Offices of Technology Transfer, that have received approval to support specific projects from this Program, shall submit the following reports:

1. electronically (in a format and using software prescribed by the Office of Economic Development and International Trade) on or before February 1, 2009 and on or before each February 1 thereafter until a Final Report (marked as Final Report) has been submitted. The reports shall summarize each project receiving a grant award from the Program, the date of each grant award, the amount of funding distributed as of the report date to each project (delineated by Program funds and matching funds), a summary description of each project (provided in language that a layperson would understand), the manner in which each project is applying/applied the funding received under the Program, the results achieved to date (including identifiable monetary returns to the grantee and others since the receipt of the grant), number of direct, full-time equivalent jobs created in Colorado, and achievement of milestones indicated in application as reported by the companies related to this Program; and
2. beginning with the February 1, 2009 report, OTTs will need to document that each Research Institution has presented its project to elementary and secondary school science teachers who are employed in the geographic region in which the technology is being developed. The timing and details of the presentations will need to be coordinated with OEDIT and the Colorado BioScience Association.

AUDITS

OEDIT reserves the right to audit specific companies receiving grants from this program related to specific grant/Project activities as needed.

Each OTT will be required to provide a copy of their annual audit to OEDIT during the term of the agreement/contract with OEDIT. For most OTTs, this requirement will mean a copy of the research institutions audit. For OTT's that are legally separate but affiliated with a research institution, the OTT will need to provide a copy of their annual audit. Additionally, OEDIT may select one or more OTT for a random audit prior to the completion of the project and/or term of the agreement/contract with OEDIT.

APPLICATION SUBMITTAL

To be eligible for a grant under the program, Offices of Technology Transfer shall submit to OEDIT one original (original signatures) and three copies of the application, in a format prescribed by OEDIT, for each project. Such application(s) shall be submitted on or before the OEDIT Application Deadlines in order to be considered by the BDEGC.

BIOSCIENCE RESEARCH PROJECT—APPLICATION

to be completed by OEDIT

Signature of OEDIT Person Receiving Application

Application Postmark Date

Name of Office of Technology Transfer:
(see statutory definition and requirements)

Name of Research Institution:
(see statutory definition and requirements)

Contact Information for Office of Technology Transfer:

SBIR/STTR Grant Award Number & Title:

Name of Principal Investigator for the Project:

Name of Company:

Requested Amount from the BDEG Program:
(An OTT may request funding for each proposal in an amount not to exceed \$100,000. Each proposal must have a secured SBIR/STTR Phase I award equal to 2x the amount requested.)

List the dollar amount of the SBIR/STTR Phase I grant award:

List the active dates of your SBIR/STTR Phase I grant:

(note, the Phase I grant must be active on the application post-mark date)

Indicate the number of employees working for the company:

(note, the private company with which the research institution has contracted can have no more than twenty full-time employees)

Provide:

- 1. The SBIR/STTR Notice of Grant Award or Contract**
- 2. The SBIR/STTR commercialization plan or a non-proprietary summary of the plan** *(This should be a summary suitable for a layperson indicating the commercial potential for the bioscience technology.)*
- 3. A description of how the state grant will advance the commercialization plan**
- 4. A project budget and narrative detailing the use of the state grant**
- 5. A summary of the project/company milestones for the next 2 years**
- 6. A copy of the OTT's general process for application, review and selection of proposals for the BDEGP**
(Include a list of the persons and their functions that participated throughout the OTT review/approval process for this Program and this specific bioscience research proposal.)

CERTIFICATIONS

The OTT certifies that:

- The Company has an active SBIR/STTR grant.
- The project described in this application and for which the OTT is requesting Program funds meets the following statutory criteria:
 - the project will result in a new bioscience research outcome that is reasonably likely to lead to improvements in existing or new therapeutics, diagnostics, or devices to improve human health or in agriculture;
 - the project focuses on an area of science including but not limited to life sciences, engineering, material sciences, computer sciences, photonics, and nanotechnology;
 - a disclosure statement on the technology that is the subject of the project has been filed pursuant to the requirements of the research institution by the entity conducting the research;
 - the scope of the project is the scope required to enhance the commercialization of the technology in Colorado;
- There is an existing agreement between the private company who has the SBIR/STTR grant and the research institution applying to the BDEG which includes a right or option to license for commercial use any technology, device, or improvement resulting from the project.
- The number of company employees listed in this application is correct.
- This application for funding shall not be used to supplement the funding of the research scope of a bioscience research project that is receiving funding from other sources except as stated in the statute (24-48.5-108 C.R.S.).
- This application for funding from the Program complies with the statute (24-48.5-108 C.R.S.) and the Rules and Application Requirements (dated November 21, 2007) issued by the Colorado Office of Economic Development and International Trade.
- The person's or persons' signature on these Certifications and Application are authorized to act on behalf of the OTT.
- The information contained in this Application and submitted to the Colorado Office of Economic Development and International Trade is true and correct.

Name and Title

Signature

Name of OTT

Date